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National Intelligence Bulletin

State Dept. review
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24 December 1974

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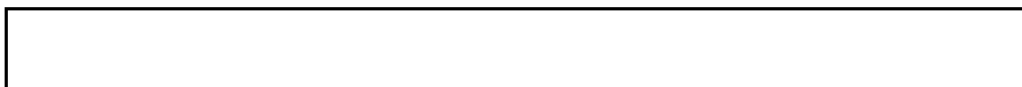
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VENEZUELA

The recently passed US trade bill has provoked sharp reaction from government and party leaders. The Venezuelans believe the legislation, which would deny US tariff preferences to members of cartels that raise prices on vital commodities, is aimed specifically at Venezuela and other OPEC countries.

President Perez reportedly has urged "oil-producing countries not to accept this discriminatory treatment," and party leaders across the political spectrum have echoed these remarks in much stronger terms. Some have threatened economic retaliation if trade preferences are denied because of OPEC membership. Administration officials are saying in conversations with US embassy officers that the trade bill would facilitate trade "with traditional enemies of the US," such as the USSR, and that it "puts serious obstacles in the way of trade with Venezuela and other friendly developing countries."

If the Venezuelans conclude that they are being pressured by the US to reduce oil prices, they will retaliate. This could mean either accelerated reduction of oil production or denunciation of the terms of the agreement of June 1972, which reaffirms the most-favored-nation clause.

President Perez' New Year's Day address to the nation may bring the official reaction to the trade bill and an indication of how the administration intends to handle the issue.

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National Intelligence Bulletin December 24, 1974FRANCE - WESTERN EUROPE

The Mirage F1/M-53, France's candidate to replace the F-104 as the standard NATO fighter aircraft, made its initial flight Sunday. Officials of Avions Marcel Dassault, the plane's manufacturer, announced that the aircraft flew for one and a half hours and reached a speed of about 870 miles an hour. The prototype aircraft has essentially the same airframe as the F1 fighter, which is already operational with the French air force, but employs the new M-53 engine.

According to the French press, Paris has invited the defense ministers of Holland, Denmark, Norway, and Belgium to view the Mirage in early January. The French apparently are anxious to show their fighter to the consortium members, who appear to prefer a US aircraft, before the US air force announces its choice between the YF-16 and YF-17 lightweight fighters late next month.

Despite the apparently successful flight, the fighter's future may be in doubt. [REDACTED]

[REDACTED] Because France's next-generation multipurpose aircraft is also to be powered by the M-53 engine, a decision by Paris not to manufacture the F1/M-53 could jeopardize the newer plane as well. Senior French aircraft industry officials believe the engine will be too costly to produce only for the next-generation fighter.

The operational Mirage F1/M-53 would have a higher maximum speed than either American lightweight fighter--Mach 2.5 as compared to about Mach 2. The American fighter planes, however, are more maneuverable and can accelerate and climb faster than the Mirage. Should Paris decide to continue with the F1/M-53 fighter, series production could begin by late 1976 or early 1977.

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Israeli-Built Guided-Missile Patrol Boat



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ISRAEL

Israel plans to build six additional Reshef-class guided-missile boats over the next few years. Construction of the boats is scheduled to begin at an Israeli shipyard in April. The Israeli navy chief told the US naval attaché in Tel Aviv that he was able to obtain funds for the additional boats only after a lengthy debate among defense officials.

Israel already has built five Reshef-class boats, four of which are operating from Sharm ash-Shaykh in the Red Sea. One other now under construction will be completed soon. Israel also has 12 French-built Saar-class guided-missile boats. The Reshef, the latest model in the Saar series, has been designed to permit longer range operations--some 3,500 nautical miles at cruising speed.

Both the Israeli- and the French-built boats can carry as many as eight Gabriel anti-ship missiles. The Israelis currently are producing one version of this missile that has a range of 11 nautical miles; another version, with twice this range, has been under development for several years.

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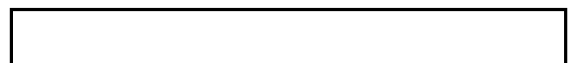
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